# Annual wage growth remains at 1.4%

Media Release

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**Source:** Wage Price Index, Australia, December 2020

The seasonally adjusted Wage Price Index (WPI) rose 0.6 per cent in December quarter 2020 and maintained the historically low annual growth rate of 1.4 per cent for a second quarter, according to figures released today by the Australian Bureau of Statistics (ABS).

Michelle Marquardt, Head of Prices Statistics at the ABS said "December quarter's moderate growth was influenced by businesses rolling back short-term wage reductions, returning wages to pre-COVID levels. The phased implementation of the Fair Work Commission annual wage review also had a small positive impact on wages.

"In original terms, wages rose 0.5 per cent in December quarter 2020. Private sector wages rose 0.5 per cent, outpacing the public sector rise of 0.3 per cent. Wage freezes have had an impact on the public sector which recorded its lowest annual increase (1.6 per cent) since the commencement of the series."

The latest data showed a large proportion of the private sector wage growth came from the continued restoration of hourly wages back to pre-pandemic levels, following reductions in the June or September quarters 2020.

The largest quarterly rise was in the Professional, scientific and technical services industry (1.2 per cent), after wage reductions contributed to a significant fall in June (-0.5 per cent).

Annual wage growth to the December quarter 2020 ranged from 0.3 per cent for the Accommodation and food services industry to 2.4 per cent for the Education and training industry.

Victoria recorded the highest quarterly rise (0.7 per cent) after wage reductions contributed to a 0.1 per cent fall in June and minimal wage growth in September (0.2 per cent). The Northern Territory also recorded a quarterly rise of 0.7 per cent based mainly on regular

public sector wage growth.

The WPI measures the change in hourly wages and salaries paid. Wage subsidies (JobKeeper) and payroll tax changes fall outside the conceptual scope of the survey.

The impact of changes to JobKeeper and compositional changes in employment levels and hours worked on average earnings will be reflected in the survey of Average Weekly Earnings (6302.0) released tomorrow, Thursday 25 February.

The ABS would like to thank businesses for continuing to respond to our surveys during these difficult times.

Further information is available in Wage Price Index, Australia (/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/dec-2020) available for free download from the ABS website: http://www.abs.gov.au/ (https://www.abs.gov.au/) .

## Media notes

- The Wage Price Index captures changes in price (in hourly wages and salaries paid) of a job, and not the occupant of that job. As such JobKeeper payments to eligible employees falls out of scope of the Wage Price Index. Further details can be found in Measuring the Wage Price Index during the COVID-19 pandemic (/articles/methods-changes-during-covid-19-period) .
- When reporting ABS data you must attribute the Australian Bureau of Statistics (or the ABS) as the source.
- The Wage Price Index publishes estimates of the change in hourly rates of pay, unaffected by compositional shifts in the labour force, hours worked, or employee characteristics.
- For media requests and interviews, contact the ABS Media Team via media@abs.gov.au (mailto:media@abs.gov.au) (8.30am-5pm Mon-Fri).
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